

12th December 1923]

The Motion with the word 'special' omitted therefrom was then put to the House and carried.

LEVY OF A FEE ON LANDS TO BE INCLUDED IN THE AYACUT REGISTERS.

Mr. P. PEDDIRAJU :—" Mr. President, Sir, the Motion that stands in my name runs thus :—

10. *That this Council recommends to the Government that notification No. 151, dated 9th December 1920, published in the Kistna District Gazette for levying a fee on lands to be included in the ayacut registers should be cancelled.*

"I formally move this Resolution, Sir, and at the same time I crave the permission of this House to get this adjourned to some day in February, that is, to a day in the February session, because I had a talk with the hon. the Law Member, and as Government have not got sufficient information, we agreed to postpone the discussion of this Motion to the first day in the February Session. So I crave the leave of the House to adjourn this matter. Even if there is no non-official day in the February Session, the hon. the Law Member has promised to give a day for this Resolution."

Mr. M. Seetayya seconded the motion.

The hon. Mr. C. P. RAMASWAMI AYYAR :—"The hon. Mover was kind enough to come and discuss the whole matter with me, and he has placed certain considerations before me and the Chief Engineer, which are worthy of careful scrutiny. And I told him that if I was convinced of his arguments, we would take certain action, and therefore I asked him to get this Resolution adjourned, and he has been courteous enough to do so. And with the consent of the House, I shall be glad to consent to the adjournment in the manner proposed. I may say that if the matter has to be discussed at all, it will be discussed in the February Session, but it is hoped that it may not become the subject of discussion."

The Motion for adjournment was put to the House and carried.

The House then adjourned (5-10 p.m.) to meet again at 11 a.m. the next day.

L. D. SWAMIKANNU,
Secretary to the Legislative Council.

APPENDIX A.

[Vide page 309 supra]

NOTE FOR THE EXCISE ADVISORY COMMITTEE.

The time has now come for the Committee definitely to decide upon its policy in the matter of temperance, and to enable it to do this I have placed before it two documents which I commend to the earnest attention of members. The first is a pamphlet prepared by Mr. Strathie. In this he sets out the past history of many events connected with the development of the excise system in Madras (with which members of the public generally are not acquainted) and proceeds to examine in the light of them the

[12th December 1923]

various efforts towards making people temperate by legislative enactment that have been made in other countries. In the second set of documents Mr. Strathie and Mr. Shanmukham Chettiyar have examined the details of certain items in the temperance programme of other provinces. With the aid of these two sets of documents the committee have before them what they have not had till now, the materials for a decision on the policy of the future.

2. In framing an excise policy, we have to consider two sets of measures. The first set aims at a direct check upon consumption. The object of the second is an indirect check and it includes a variety of measures, many of them being the outcome of conditions peculiar to particular countries.

3. The measures of the first kind are divided by one of the leading temperance writers, Dr. Gould, into three classes, namely, (1) prohibition, (2) local option and (3) high licence. These are really in essence three stages of the same thing, prohibition, and it will be well to begin by considering the final stage. The questions that arise are—

- (a) What is prohibition?
- (b) Is prohibition justifiable?
- (c) Is prohibition practicable?

4. It is necessary to be quite clear as to what we mean when we talk about prohibition, because different meanings attached to this word in different countries have led to a good deal of misunderstanding. Prohibition may be either of sale for consumption on the premises, or of all sale, or of sale coupled with transport, manufacture, import and possession, or with some or any of them. Confusion between the various meanings is apt to lead to ludicrous results: as for instance when people were at one time asked to learn a lesson in prohibition from New Zealand where the prohibition actually enforced was only prohibition of sale for consumption on the premises, and the proportion of liquor licences to the population is many times larger than the proportion in Madras. For the present purpose it is proposed to define prohibition as complete prohibition or prohibition of sale, transport, manufacture, import and possession.

5. Such prohibition is undoubtedly an interference with individual liberty. It is often urged that such interference is justifiable on the ground that indulgence in liquor by an individual may become a nuisance to the community. But the question remains whether it is justifiable to interfere with the personal liberty of one man who takes his liquor in moderation because another makes himself a nuisance to the public.

12th December 1923]

6. When we come to the question of practicability, we are on surer ground. No country in the world has attempted to carry complete prohibition into practice. Even in America possession of old stocks is still permissible.

Mr. Strathie's pamphlet illustrates the results of attempts made in certain countries in the direction of modified prohibition. In the more complete form it is being attempted only in America, as regards which country every fresh writer gives a new opinion.

7. As to its practicability in India, there can be less difficulty in arriving at a decision. It is quite clear that in the most advanced countries the success of prohibition needs the steady pressure of enlightened public opinion. Another essential is a respect for law and the presence or absence of facilities for illicit manufacture will be a large factor. Here respect for law has been considerably disturbed by the non-co-operators, and while in the irrigated districts a large proportion of the population can draw toddy in their own backyards, in other areas like the Ceded Districts illicit distillation is already so common that a law prohibiting licit sale, it is feared, would merely mean the transfer of the whole of the trade to the illicit distillers. Then again a prohibition law is useless unless the State is prepared to enforce such a law. This implies the upkeep of a large and expensive staff with no corresponding revenue to meet its cost. If prohibition is to be complete, it implies giving power to the staff to enter and search private houses in search of liquor. It is doubtful how far the public will submit to such an extreme measure. There can be little doubt, whatever view is taken as to its propriety, that prohibition is not a practicable proposition in Madras at present.

8. The next stage is local option, which has been defined as prohibition in its more logical form. This definition, however, has been found to be somewhat fallacious in practice. Logically it may be desirable that the people of a neighbourhood should say whether they will have drink shops or not. But the practical effect of such logical dealing with the question has been found to be that the neighbourhoods where drunkenness does not prevail are ready to prohibit in order to keep themselves respectable, while those where drunkenness does prevail are ready to retain their shops, with the result that the evil is only intensified where it exists. Again the existence of 'dry' and 'wet' areas side by side creates a problem which it is very difficult to solve: either transport from the 'wet' to the 'dry' areas has to be prohibited and a staff maintained to enforce prohibition, or in spite of the closure of shops, liquor will be freely obtainable from neighbouring areas. Even if this system had proved successful where it

[12th December 1923]

has been tried, it is very doubtful whether it could be made a practical success in Madras for the reason that this system again needs a large educated electorate which does not yet exist in this Presidency. In this connexion, I would invite the attention of the committee to the fact that in Scotland the voters numbered about 50 per cent of the population, whereas in Madras the voters under the Bill published some time back amount to about 5 per cent of the population, being composed very largely of persons who by caste and religion are opposed to the taking of alcoholic liquor.

9. There remains the third stage in the process, that is, high licence. It is suggested in the pamphlet that that is identical with the Government of India's policy of a maximum revenue from a minimum consumption. I do not regard it so. That policy, of course, involves a contradiction in terms; and it has two objects, viz., increase of revenue and reduction of consumption. The proper policy, I submit, should be to have the reduction of consumption as the only objective and to use the steady pressure of high taxation as a means to the end. Such a policy was adopted in America in the years prior to 1920 as witnessed by the extracts quoted below:—

“High licence is the method most in favour for large cities where restrictive measures have been practised at all. Advocates claim that it is the only effective form of control as demonstrated by experience. It may be applied to places where prohibition and local option would both fail, and it reduces the number of public houses within measurable limits, both as to number and geographical situation.

“It is true that, when a really high-licence fee has been charged, dram-shops have notably decreased.” [Dr. Guild's *Popular Control of the Liquor Traffic*.]

“The high-licence system in the United States is practically the creation of the last thirty years. Up to 1880, a licence duty of \$200 (£40) was considered high. The system originated in the State of Nebraska, by the enactment of the so-called “Slocumb” law in 1881, which fixed the State licence duty at a minimum sum of \$500 (£100) in towns of less than 10,000 inhabitants, and \$1,000 (£200) elsewhere. The example of Nebraska was quickly followed by other State legislatures. In March 1883, the State of Missouri enacted the Downing law, which fixed a scale of licence duties ranging, for State and country purposes, from a minimum of \$600 (£120) to a maximum of \$1,200 (£240). In June of the same year, the Illinois legislature passed the Harper law, which fixed the annual duty at a minimum sum of \$500 (£100). Since then numerous other States have adopted the system.”

“Although perhaps strictly a fiscal matter, high licence unquestionably achieves certain temperance ends. It “emphasizes the efficacy of natural and economic laws as an aid to Governmental regulation of the liquor traffic”. Indeed it is probably true to say, as the thoughtful American writer just quoted has claimed, that in the United States ‘the liquor traffic is

12th December 1923]

generally taxed, in the several commonwealths, not primarily for the raising of revenue, but peculiarly for purposes of regulation'."

* * * * *

" ' Bit by bit it was found that the high licence (duty) was improving the conduct of the saloons, and, as a natural consequence, that drunkenness was rapidly diminishing.' The Mayor of the town of New Iberia (population 6,800) wrote to the New Orleans *Times Democrat* declaring that, since the cost of the licence was increased in his town from £20 to £200, the amount of drunkenness had been reduced by one-half, 'and this took place in the period of ten years, although the town was constantly increasing throughout the period'. Another town 'has been able not only to reduce crime in its midst, and also to bring drunkenness down almost to vanishing point, but out of the funds which have accrued from licensing it has built a high school for boys and a public market, and has purchased outright its gas and water plant, so that these necessities are supplied at a price unequalled in the States.'

" In twenty-two towns the revenue which has accrued for municipal purposes amounts to something like £64,000; while in New Orleans, which has four times the population of these twenty-two towns, and six times as many saloons, 'only half as much money is brought to the revenue, and the amount of crime and drunkenness in comparison is appallingly to the disfavour of the great city'. It is probable that other causes have contributed to the diminution of drunkenness in the small towns, and, in any case, strict comparison is not possible between small towns and large cities, but it is matter of experience that the stamping out of small and ill-managed saloons is not without its effect upon intemperance, and the chain of testimony in this instance is certainly remarkable. We are, however, here concerned with high licence solely from the point of view of fiscal justice. The licence duty in the small towns of Louisiana varies considerably. In Mansfield, which is strictly a village with a population at the last census of 847, the duty is £700, and this is stated to be practically prohibitive. In one town, where a charge of £600 is levied, 'a successful saloon of high reputation is conducted, but there is hardly likely to be another'. On the whole, the licence duty 'which seems to be most successful is about £200,' and it is this amount which is now being suggested in New Orleans. It is calculated that at this rate of licence duty 'something like £200,000 would be added to the revenues of the city, this calculation taking into account the fact that a number of present existing saloons would not be able to pay the tax. Consequently, the result would be, if the experience of other towns in the State is any criterion, that the number of saloons would be considerably reduced, while the city would gain to the amount stated.'

" Sometimes, as will be gathered from what has already been said, the duties in particular towns in America are deliberately made prohibitive. Thus, in the small town of Waycross, in the State of Georgia, where the population at the last census was only 5,919, the licence duty for saloons has been fixed during the last sixteen years at the impossible rate of \$30,000 (£6,000). Needless to say, no one has ever applied for a licence. On the other hand, apparently prohibitive rates of duty are not always actually prohibitive. Thus, in the small town of Charlottesville, Virginia, where the population in 1900 was only 6,449 the municipal licence duty for saloons was raised in

[12th December 1923]

1903 from £32 to £80. In addition to this sum each publican has to pay separate State and Federal licence duties, making a total payment of from £120 to £160 per annum."

* * * * *

"Naturally, these high duties act prohibitively in many districts, and this result is often deliberately aimed at. Thus in some of the Southern States there are rural districts where the licence duty is fixed at sums varying from £1,000 to £2,000 per annum, or even more. The State of Georgia offers a good illustration of the policy. In several of its distinctively rural countries a prohibitive licence duty has been imposed."

* * * * *

"It is one of the cardinal virtues of the high licence system that 'it recognizes the virtue of economic law and throws back upon such law the limiting of the number of drinking places.' In recent years attention has been concentrated upon schemes of compulsory reduction which propose to accomplish at the public cost what is properly the function of economic law. All such schemes are, in our judgment, indefensible, at least in the first instance. The matter is properly one of economic law, and costly schemes of compulsory reduction should not be resorted to until after the economic check of adequate taxation has been applied."—Messrs. Rowntree and Sherwell's 'Taxation of the Liquor Trade.'

That a policy of this kind can amount to practical prohibition will be obvious if we examine the result of the pressure of high taxation in the case of the import of English motor-cars, where the law of diminishing returns has operated with such efficiency that the import has practically ceased. The same policy was used during the war in England, and there can be no question whatever that it effected an enormous reduction in the consumption of alcoholic liquors, so much so that after the close of the war the duties on some of them were again reduced. It is here that my policy would differ from that of the British Government. Having established so healthy a reduction by the aid of the steady pressure of taxation, I should have maintained the taxes.

10. Consciously or unconsciously the British Government in India have carried the policy of steady pressure of high taxation to the point of largely extinguishing consumption in the case of certain intoxicating articles. In the case of imported spirits, for instance, the duty has risen by 213 per cent, in that of opium by 300 per cent, and in that of *ganja* by 300 per cent. In the latter two cases at least, I believe it would be very hard to find from the police records, jails or lunatic asylums any material evidence of injury to the community as a whole by overindulgence in opium or *ganja*.

11. The question is how this policy can be pursued in the case of intoxicating liquors; and here I should notice that India differs from every other country in the fact that excise duties on spirits are imposed, not by the Legislative body, but by notification of the

[12th December 1923]

has been tried, it is very doubtful whether it could be made a practical success in Madras for the reason that this system again needs a large educated electorate which does not yet exist in this Presidency. In this connexion, I would invite the attention of the committee to the fact that in Scotland the voters numbered about 50 per cent of the population, whereas in Madras the voters under the Bill published some time back amount to about 5 per cent of the population, being composed very largely of persons who by caste and religion are opposed to the taking of alcoholic liquor.

9. There remains the third stage in the process, that is, high licence. It is suggested in the pamphlet that that is identical with the Government of India's policy of a maximum revenue from a minimum consumption. I do not regard it so. That policy, of course, involves a contradiction in terms; and it has two objects, viz., increase of revenue and reduction of consumption. The proper policy, I submit, should be to have the reduction of consumption as the only objective and to use the steady pressure of high taxation as a means to the end. Such a policy was adopted in America in the years prior to 1920 as witnessed by the extracts quoted below:—

“High licence is the method most in favour for large cities where restrictive measures have been practised at all. Advocates claim that it is the only effective form of control as demonstrated by experience. It may be applied to places where prohibition and local option would both fail, and it reduces the number of public houses within measurable limits, both as to number and geographical situation.

“It is true that, when a really high-licence fee has been charged, dram-shops have notably decreased.” [Dr. Guild's *Popular Control of the Liquor Traffic*.]

“The high-licence system in the United States is practically the creation of the last thirty years. Up to 1880, a licence duty of \$200 (£40) was considered high. The system originated in the State of Nebraska, by the enactment of the so-called “Slocumb” law in 1881, which fixed the State licence duty at a minimum sum of \$500 (£100) in towns of less than 10,000 inhabitants, and \$1,000 (£200) elsewhere. The example of Nebraska was quickly followed by other State legislatures. In March 1883, the State of Missouri enacted the Downing law, which fixed a scale of licence duties ranging, for State and country purposes, from a minimum of \$600 (£120) to a maximum of \$1,200 (£240). In June of the same year, the Illinois legislature passed the Harper law, which fixed the annual duty at a minimum sum of \$500 (£100). Since then numerous other States have adopted the system.”

“Although perhaps strictly a fiscal matter, high licence unquestionably achieves certain temperance ends. It “emphasizes the efficacy of natural and economic laws as an aid to Governmental regulation of the liquor traffic”. Indeed it is probably true to say, as the thoughtful American writer just quoted has claimed, that in the United States ‘the liquor traffic is

[12th December 1923]

houses have never been resting houses for travellers as inns are in England, nor have they ever been allowed to become places of amusement. And finally, owing to the difference in climate, our workers are not driven there for light and warmth in the evenings when their own homes are miserable. These circumstances render inapplicable to this country much of the temperance programme of European reformers. It is out of them that have arisen a great part of the proposals for reform in England such as public house trusts, disinterested management, the requirement that drink should not be sold except with food, prohibition of the employment of bar maids, prohibition of entertainments and so forth. Even the policy of counter-attractions and the policy of providing public canteens, under what is known as 'the Carlisle experiment', owe their origin in the main to conditions to which Madras is a stranger.

14. The reformers claim that in America and European countries temperance is paying for itself by reducing charges for police and jails and by increasing the efficiency of the labouring classes. This point is one that needs further inquiry, but I doubt whether, if Madras went 'dry' to-morrow there would be any saving on police or jails to set against the loss of the excise revenue, while as regards the efficiency of the labourer it is difficult to match the physical strength of the toddy-drinking coolie among his countrymen who do not drink.

15. On the general question therefore of indirect measures for the furtherance of temperance, I am disposed, in the first instance, always to inquire into the origin of the measure before I examine its applicability to the conditions of this Presidency. Subject to this I hope for a full and free discussion of the system of 'rationing', which Mr. Shanmukham Chetti is disposed to advocate, and any other measure which members of the committee may bring forward. Similarly as regards the question of securing increased local control in the matter of the location of shops.

16. To sum up. The policy I would commend to the committee is (1) the reduction of consumption by the steady enforcement of enhanced taxation, the immediate objective being a uniform and high-rate of excise duty, (2) a rigid control over places of sale assisted by enlightened local opinion, and (3) encouragement of temperance effort and its assistance by the enforcement of such indirect measures for checking consumption as commend themselves to the committee.

A. P. PATRO.